

State of Missouri

Communications
Cost Allocation Plan



Fiscal Year 2011

Fiscal Year 2011

Office of Administration Information Technology Services

**State of Missouri communications
Cost Allocation Plan
Fiscal Year 2011**

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Background and General Description

Purpose

This document explains the methodology utilized by the Information Technology Services Division in developing rates for communications services provided to state agencies, colleges, and universities. The authorization to develop rate structures and establish a charging system is provided under Chapter 37, RSMo 1986.

This Cost Allocation Plan, and the process by which it is developed, is consistent with the revolving administrative trust fund methodology utilized by the Information Technology Services Division the past several years. The estimated expenditures and rates set forth herein provide the means for ensuring full cost recovery based on agency use of services. As with any plan, actual events and historical data will require close monitoring and some revisions.

Pricing Concepts

The major objective of the Information Technology Services Division is to provide state agencies and organizations cost effective and efficient shared communications resources. Achievement of this objective results in improved productivity in state government and more effective delivery of governmental services to the citizenry by state agencies.

The charging systems or objectives associated with this Cost Allocation Plan methodology can be summarized as follows:

1. establish usage sensitive pricing of services
2. provide rate stabilization
3. develop a cost for the total communications service package which is less than can be obtained elsewhere
4. provide agencies maximum flexibility in controlling use
5. minimize the impact of future rate changes and/or cost increases
6. maximize economies of scale opportunities available through resource sharing.

Revolving Administrative Trust Fund

The revolving administrative trust fund was established to receive funds paid or transferred to the Office of Administration by agencies of the state for goods and services utilized by such agencies. Spending ceiling authorization is enacted annually by appropriation and any unencumbered balance in excess of 1/8 of the amount appropriated to the revolving

administrative trust fund at the close of the fiscal year reverts to the general revenue fund in accordance with other provisions of the law. No monies are actually provided to the Office of Administration under this appropriation. The funds to pay for communications services are appropriated by the General Assembly directly to the state agencies, colleges, and universities. Payment for communications services are made by the Office of Administration from the revolving administrative trust fund. The fund is then replenished by monthly billing to state agencies, colleges and universities based on the use of services.

Expenditure Planning

One of the key components of this Cost Allocation Plan is developing an overall schedule and general allocation of anticipated expenditures. The expenditure plan contained in Section C of this report reflects the best estimate of the costs required to provide communications services to state agencies over a twelve month period.

Development Methodology

A cost-based development methodology was employed in establishing the billing rates detailed in Section E of this plan. The benefits of this cost based methodology are two fold: (1) as a full cost approach, both direct and indirect costs are included, and the problem of under or over recovery of communications total budget costs is minimized, (2) it provides an equitable method for cost recovery; i.e., the rate is based on the amount of resources utilized.

The methodology for development of this Cost Allocation Plan can generally be summarized as the execution of the following eight work steps:

1. Determine Services Provided

The types of services provided by the Telecommunications and Network sections are based on the requirements of state agencies and are typically similar to services provided by regulated telephone utilities, facility based carriers, other common carriers, and resellers of inter-city telecommunications services. These services are provided by the Office of Administration when the state can obtain enhanced shared features and realize economy of scale.

2. Establish Units of Service

The unit of service utilized to measure the volume of service provided for each service type was established based on three major criteria: relationship to the function performed, measurability, and level of control which can be exercised by the customer agencies.

3. Compile Estimates of Utilization

The Fiscal Year 2010 utilization of each service category was compiled. The category estimates were then used as a basis for projections or estimates for Fiscal Year 2011 of each type of service.

4. Identify Types of Costs

Two basic types of costs were identified: (1) allocated direct; and (2) allocated indirect. Allocated direct costs were those costs that can be directly identified with providing a type of service. Costs allocated indirectly are related costs that cannot be directly identified with providing a specific type of service.

5. Determine Allocated Direct Costs

Budgeted expense and equipment costs that could be directly identified with providing a specific type of service were accumulated to determine total allocated direct cost by type of service. In some cases an expense or equipment cost applies to more than one service category. The cost is then split by percentage among the appropriate type of service.

6. Determine Allocated Indirect Costs

Budgeted expense, equipment and personnel costs that could be indirectly identified with providing a specific type of service were accumulated to determine total allocated indirect cost by type of service.

7. Summarized Total Cost by Service

Total cost by service was determined by adding the direct and indirect allocated costs.

8. Calculate Cost Per Unit of Service

The cost per unit of service was calculated by dividing the total annual cost by the total estimated annual utilization.

Service Category Definitions

Centrex Access

The basic unit of service provided by State Telecommunications to customers is access (dial tone). Embarq provides this service under the service mark of Centrex in Jefferson City, Rolla, Warrensburg and Maryville. This basic unit of service allows customers the ability to receive calls from any customer of the world-wide telecommunications system. Also associated with this basic service unit is the unlimited ability of Jefferson City, Rolla, Warrensburg and Maryville customers to call other customers within their system with four or five digit dialing. This category also includes some other Embarq service areas and additional locations will be added throughout the year. Service to Butler, California, Clinton, Lebanon and Warsaw was added in Fiscal Year 2003. Major cost components identified with this service element are the line charges and features which allow transmission and receipt of calls from the nationwide toll centers and the Federal End User charge.

Dedicated Long Distance

Within the Dedicated Long Distance rate are those costs for the dedicated facilities to terminate the AT&T T1s onto the state's PLEXAR and Centrex services and the cost per minute for the usage that either completes or originates using a PLEXAR or Centrex telephone line. Also included in this rate are the private T1s and central office components for locations that warrants dedicated facilities due to call volumes.

Switched Long Distance

Switched Long Distance is the cost-per-minute usage for calls originating from a state telephone line referred to as a Business Line, IFB or tariff local service. In other words, this category would be for any usage originating from a state telephone line other than a line defined as a PLEXAR or Centrex.

PLEXAR Access

Access (dial tone) is the basic unit of service provided to customers in cities served by AT&T Telephone Company and has the trademark of PLEXAR. This basic unit of service allows customers to receive calls from any caller on the worldwide telecommunications system. It also permits customers to have the unlimited ability to place calls on the local and state networks and allows three, four and five digit dialing within their system. The major cost elements associated with this service are the feature and station line charges and the Federal End User charge.

Data Circuits

Data circuit service is the physical facility and PVCs costs that are used for transport of data applications. Physical facilities include intrastate (inter and intra LATA) and interstate circuits connecting two or more locations together on a dedicated basis as well as MPLS, Frame Relay and local circuits. In general, this service provides the agencies with the order processing, billing functions and contract administration required with the dedicated data circuits. The cost element with this service is the circuit costs and an administrative fee.

Voice Mail

This category of service provided to customers is access from the central office to the systems located in Jefferson City, Hannibal, Carthage, St. Joseph, Kansas City, Springfield, Sikeston, Hillsboro, Neosho, Nevada, Sedalia, Lee's Summit, Cape Girardeau, Farmington, Poplar Bluff, New Madrid, Joplin, St. Charles and St. Louis. The cost elements of this service include a monthly lease charge for the boxes in Warrensburg and Rolla as well as maintenance on owned systems.

Pass-Through Telephone Service

Pass-Through service is the process by which the charges billed by the telephone vendors are in turn billed to the appropriate agencies. Charges incurred for services such as local service, toll, and calling cards etc. are billed to the agencies with an administrative fee added.

Toll-Free

This category is for Toll-Free service such as 800, 888, 877, 866 and 855 numbers where agencies pay the per-call costs instead of the caller. The cost elements for this service include circuit, per minute service cost and an administrative fee.

Internet Services

Internet Services supplied to state agencies include bandwidth, redundancy, security measures, monitoring and troubleshooting. These services enable state employees to access a wealth of information available on the Internet, as well as allowing state agencies to provide information and e-business services to our customers. Agencies can also additionally utilize these services for VPN (virtual private network) connectivity to remote users or offices, as well as other services such as videoconferencing connectivity to locations outside the boundaries of state government.

Network and Security Connections

Network and Security Connection services represent the “core” network and security functions provided to all state agencies. As the enabler for connectivity from any agency to enterprise applications (e.g., SAM II), inter-agency electronic communications, or agency connectivity to the Internet, these services also provide various levels of security and redundancy for the customer structures. In addition, technical and consulting services are provided to agencies through this category.

Wireless Service

Wireless Service includes the purchase of wireless handheld devices and monthly service plans for Blackberry devices, PC modem cards, cellular phones, etc.

Contact Information

- **Deputy for Operations**
Steve Siegler
- **Deputy for Administration**
Arlan Holmes
- **Director of Networks and Telecommunications**
Pete Wieberg
- **Telecommunications Services & Support**
Nancy Bochat
- **Network Infrastructure Support**
B.J. Atchison A-6
- **Fiscal Services**
Joyce Crawford

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Detailed Budget

			Budget Amount	Budget Amount
			FY10	FY11
Personnel Service				
1	100%	Account Clerk II	\$25,380	\$25,377
2	100%	Account Clerk II	\$24,576	\$24,574
3	100%	Account Clerk II	\$24,576	\$24,574
4	100%	Account Clerk II	\$25,380	\$25,377
5	100%	Accountant I	\$29,580	\$29,577
6	100%	Accountant I	\$29,580	\$29,577
7	100%	Accountant I	\$35,316	\$35,312
8	100%	Accounting Anal II	\$40,212	\$40,208
9	25%	Accounting Specialist I	\$0	\$10,626
10	25%	Accounting Specialist II	\$0	\$11,562
11	21%	Administrative Office Support Assistant	\$7,416	\$7,832
12	100%	Computer Info Tech I	\$37,296	\$37,296
13	10%	Computer Info Tech I	\$7,190	\$3,730
14	21%	Computer Info Tech Mgr I	\$0	\$14,689
15	100%	Computer Info Tech Spec I	\$54,360	\$54,360
16	100%	Computer Info Tech Spec I	\$53,287	\$53,287
17	0%	Computer Info Tech Spec I	\$0	\$0
18	100%	Computer Info Tech Spec I	\$54,360	\$54,360
19	10%	Computer Info Tech Spec II	\$11,573	\$5,786
20	0%	Computer Info Tech Spec II	\$61,614	\$0
21	20%	Computer Info Tech Spec II	\$13,135	\$13,135
22	10%	Computer Info Tech Spec III	\$13,990	\$6,995
23	100%	Computer Info Tech Spec III	\$65,669	\$65,669
24	20%	Computer Info Tech Spec III	\$13,416	\$13,416
25	70%	Computer Info Tech Supv I	\$35,053	\$35,053
26	100%	Computer Info Tech Supv II	\$64,272	\$64,272
27	100%	Computer Info Tech Supv II	\$69,948	\$69,948
28	100%	Computer Info Tech Trainee	\$29,580	\$29,580
29	100%	Computer Info Technologist II	\$38,700	\$38,700
30	100%	Computer Info Technologist II	\$40,212	\$40,212
31	100%	Computer Info Technologist III	\$55,548	\$55,548
32	100%	Computer Info Technologist III	\$54,360	\$54,360
33	100%	Computer Info Technologist III	\$49,104	\$49,104
34	21%	Designated Principal Asst Dept	\$0	\$23,100
35	21%	Designated Principal Asst Div	\$19,143	\$19,143
36	21%	Designated Principal Asst Div	\$19,143	\$19,143
37	25%	Executive I	\$0	\$8,661
38	25%	Executive I	\$0	\$9,492
39	25%	Executive II	\$10,053	\$10,053
40	100%	Fiscal & Administrative Mgr B1	\$55,542	\$55,536
41	25%	Fiscal & Administrative Mgr B2	\$0	\$16,769
42	25%	Fiscal and Administrative Mgr B2	\$15,889	\$15,889
43	50%	Miscellaneous Professional	\$1,208	\$14,493
44	21%	Miscellaneous Technical	\$0	\$3,049
45	100%	Office Support Asst (KEYBRD)	\$5,594	\$26,637

State of Missouri Communications
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Detailed Budget (Continued)

			Budget Amount FY10	Budget Amount FY11
		Personnel Service (Continued)		
46	25%	Procurement Ofcr II	\$0	\$12,021
47	21%	Sect Mgr Div of Info Svcs	\$16,020	\$16,020
48	21%	Special Asst Professional	\$14,309	\$14,309
49	100%	Special Asst Professional	\$74,272	\$74,272
50	100%	SR Office Support Asst (CLERICAL)	\$29,520	\$29,490
51	100%	SR Office Support Asst (CLERICAL)	\$28,056	\$28,053
52	100%	SR Office Support Asst (CLERICAL)	\$24,576	\$24,574
53	100%	Sr. Office Support Asst (CLERICAL)	\$24,576	\$24,551
52	25%	Sr. Office Support Asst (KEYBRD)	\$7,929	\$7,929
		OVERTIME , UNALLOCATED PS	\$15,082	\$14,773
		Fringe Benefits	\$670,237	\$611,742
		Total Personnel Service:	\$2,193,505	\$2,103,794

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Detailed Budget (Continued)**

Communications Expense and Equipment		Budget Amount	Budget Amount
		FY10	FY11
J901	Hardware and Software Maintenance	\$151,961	\$118,073
J904	Software Maintenance	\$14,480	\$45,333
J906	Hardware Purchase	\$279,556	\$163,250
J910	Consulting Service	\$10,000	\$10,000
J911	Wiring and General Services	\$25,000	\$25,000
	Consulting Service	\$25,001	-\$30,000
JI06	Hardware, Software, Maintenance	\$220,591	\$142,787
JI07	Fiber and Backhaul Charges	\$52,600	\$68,100
JI11	Digital T1 (PRI) Data Circuits	\$19,515	\$12,000
JI14	MoreNet Affiliate Fee	\$32,988	\$22,500
JI15	MoreNet Primary Connection	\$134,563	\$152,563
JI16	MoreNet Secondary Connection	\$47,600	\$36,800
JI21	MoreNet Consulting	\$5,000	\$5,000
JI27	MoreNet Internet Connection Fee	\$6,875	\$0
JI28	Kinetic	\$0	\$6,875
JR01	Centrex Lines - Embarq	\$3,156,792	\$3,039,228
JR02	Centrex Tax & Misc - Embarq	\$228,619	\$222,316
JR03	Centrex Fed End User - Embarq	\$425,692	\$421,981
JR04	T1 Terminations (Plexar)	\$82,386	\$73,788
JR05	Dedicated Long Distance Usage	\$1,140,976	\$1,213,325
JR06	Plexar Lines - AT&T	\$2,119,176	\$2,042,118
JR07	Plexar VFG Trunks - AT&T	\$982,526	\$1,003,048
JR08	Plex Fed End User 9ZR - AT&T	\$1,378,849	\$1,252,651
JR09	Plex Fed End Eucl Credit - AT&T	-\$1,260,181	-\$1,124,173
JR10	Plexar Miscellaneous - AT&T	\$183,648	\$279,670
JR12	Voice Mail Circuits	\$199,751	\$225,399
JR13	Centrex Pass-Through - Embarq	\$503,854	\$488,861
JR14	Toll-Free Service Pass Through	\$65,706	\$73,533
JR16	Plexar Pass Through - AT&T	\$196,818	\$265,570
JR17	Business Line Service	\$1,694,297	\$1,592,207
JR18	Toll Usage on Business & Plexar Invoices	\$29,888	\$64,813
JR19	Directory Assistance	\$18,671	\$16,172
JR21	Toll-Free Termination Charges - AT&T	\$58,948	\$58,920
JR22	Jeff City Music On Hold Circuit	\$1,132	\$1,116
JR24	Metropolitan Area Network Services	\$578,149	\$641,657
JR25	SMDR - AT&T	\$871	\$871
JR26	ARS Package - AT&T	\$2,402	\$2,618
JR27	Satellite Services	\$106,402	\$269,478
JR28	Contract Long Distance Service	\$730,110	\$726,023

State of Missouri Communications

Cost Allocation Plan

Fiscal Year 2011

Detailed Budget (Continued)

	Communications Expense and Equipment (continued)	Budget Amount	Budget Amount
		<u>FY10</u>	<u>FY11</u>
JR29	Calling Card Usage	\$26,433	\$26,145
JR30	Frame Relay & Tariff Circuits	\$2,252,812	\$2,306,353
JR31	Dial-Up Internet Access Service	\$265,630	\$264,505
JR34	LD Terminations (Plexar) - AT&T	\$99,960	\$82,200
JR35	Network Transport Circuits	\$846,390	\$802,925
JR37	ISDN-PRI	\$644,564	\$704,062
JR38	Tolls on Centrex Invoices	\$6,313	\$2,083
JR39	Voice Grade Circuits	\$80,331	\$71,344
JR40	Other Centrex Pass-Through	\$4,086	\$0
JR41	Wireless Services	\$3,872,097	\$3,895,580
JR45	Toll Free Usage	\$2,791,582	\$2,935,229
JR46	MPLS	\$2,888,554	\$3,344,838
JR47	International Usage	\$90,597	\$80,946
JT40	Voice Mail Maintenance	\$0	\$50,000
Total Expense & Equipment		\$28,031,824	\$28,195,679

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Detailed Budget (Continued)

General Support (Indirect) Expense and Equipment		Budget Amount FY09	Budget Amount FY11
JT02	In State Mileage	\$1,500	\$1,500
JT03	In State Lodging	\$4,000	\$4,000
JT04	In State Meals	\$1,500	\$1,500
JT05	In State Other	\$250	\$250
JT06	Out State Mileage	\$500	\$500
JT07	Commerical Trans.	\$2,750	\$2,750
JT08	Out State Lodging	\$3,000	\$3,000
JT09	Out State Meals	\$500	\$500
JT10	Out State Other	\$75	\$75
JT11	Office supplies	\$3,500	\$3,500
JT12	Postage	\$8,000	\$8,000
JT13	Subscriptions	\$50	\$50
JT14	Other Admin Supplies	\$100	\$100
JT15	Vehicle Repair	\$2,500	\$2,500
JT16	Motor Fuel	\$1,000	\$1,000
JT17	Memberships	\$5,000	\$5,000
JT18	Training	\$15,000	\$15,000
JT19	Tuition	\$2,000	\$2,000
JT20	Telcom Supplies	\$6,000	\$6,000
JT21	Telcom Charges	\$17,500	\$17,500
JT22	Internet	\$350	\$350
JT23	Cellular charges	\$1,500	\$1,500
JT24	Pagers	\$500	\$500
JT25	Express services	\$100	\$100
JT26	Printing	\$2,500	\$2,500
JT27	Temporaries or Compco consulting	\$60,000	\$60,000
JT28	SDC charges	\$10,000	\$10,000
JT30	Computer Hardware Maint.	\$600	\$600
JT31	Software Maintenance- Compco and TMetrics	\$49,735	\$49,735
JT32	Office Equip Maint.	\$400	\$400
JT34	Desktop Computer Equip.	\$10,000	\$10,000
JT35	Software	\$2,500	\$2,500
JT36	Comm. Equip.	\$1,500	\$1,500
JT37	Office Furniture	\$250	\$250
JT38	Office Equip.	\$500	\$500
JT39	Food	\$250	\$250
Subtotal General Support (Indirect)		\$215,410	\$215,410
Total E&E Budget		\$28,116,320	\$28,411,089
Total Budget		\$30,235,961	\$30,514,883

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011**

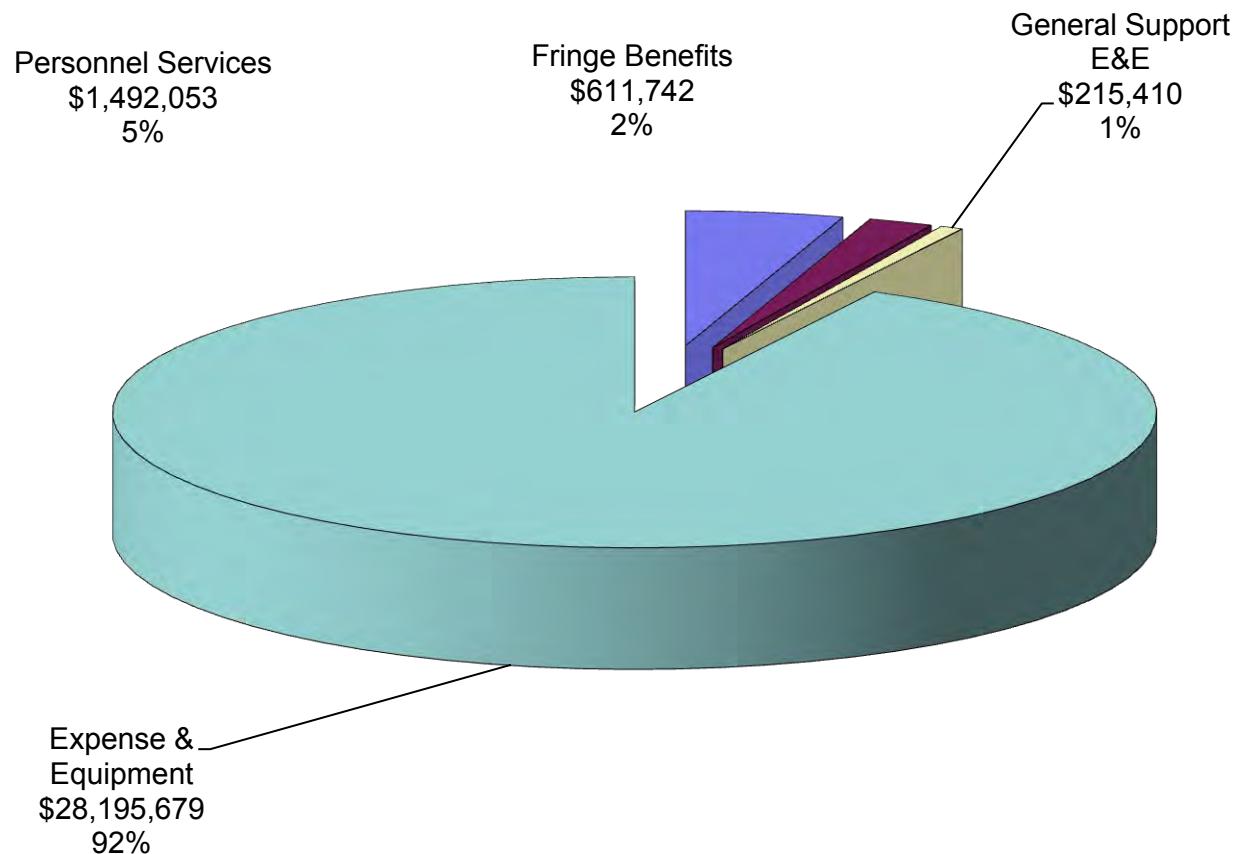
Budget By Fund

Revolving Fund

Personnel Service	\$1,492,053
Expense & Equipment	\$28,411,089
Fringe Benefits	<u>\$611,742</u>
Total	\$30,514,883

Communications Expenses By Fund

15



**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Centrex Access**

Annual Estimated Utilization

Number of Lines:

226,464

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>		<u>FY10 Budget Amount</u>	<u>FY11 Budget Amount</u>
JR01	Centrex Lines - Embarq	\$3,156,792	\$3,039,228
JR02	Centrex Tax & Misc - Embarq	\$228,619	\$222,316
JR03	Centrex Fed End User - Embarq	\$425,692	\$421,981
JR11	Other Centrex Line Charges	\$0	\$0
JR22	Jeff City Music On Hold Circuit	\$1,132	\$1,116
Subtotal Expense and Equipment		\$3,812,235	\$3,684,641
Direct Personnel		\$100,260	\$117,229
Total Direct Allocation		\$3,912,496	\$3,801,870
Indirect Costs Allocated		\$114,636	\$106,550
Total Allocated Costs		\$4,027,131	\$3,908,420
Retained Earnings Reduction		-\$180,000	\$0
RATF Transfer		\$0	\$0
Total Collectable Costs		\$3,847,131	\$3,908,420
 <u>\$3,908,420.08</u>		=	 <u>\$17.26</u>
226,464			
Additional Centrex Charges:			
<u>FEDERAL UNIVERSAL FUND*</u>			<u>\$0.50</u>
<u>MISSOURI UNIVERSAL FUND*</u>			<u>\$0.04</u>
TOTAL			\$17.80

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Dedicated Long Distance**

Annual Estimated Utilization (in minutes):

31,638,848

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>		<u>FY10 Budget Amount</u>	<u>FY11 Budget Amount</u>
JR04	T1 Terminations (Plexar)	\$82,386	\$73,788
JR05	Dedicated Long Distance Usage	\$1,140,976	\$1,213,325
JR07	Plexar VFG Trunks - AT&T	\$424,451	\$433,317
JR20	Directory Purchase	\$0	\$0
JR25	SMDR - AT&T	\$871	\$871
JR26	ARS Package - AT&T	\$2,402	\$2,618
JR34	LD Terminations (Plexar) - AT&T	\$99,960	\$82,200
JR36	Voice T1's (DMS to DMS)	\$0	\$0
Subtotal Expense and Equipment		\$1,751,046	\$1,806,119
Direct Personnel		\$64,263	\$69,441
Total Direct Allocation		\$1,815,309	\$1,875,560
Indirect Costs Allocated		\$53,188	\$52,564
Total Allocated Costs		\$1,868,497	\$1,928,124
Retained Earnings Reduction		\$0	\$0
RATF Transfer		\$0	\$0
Total Collectable Costs		\$1,868,497	\$1,928,124
\$1,928,124		=	\$0.0609
31,638,848			

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Switched Long Distance**

Annual Estimated Utilization (in minutes):

11,036,040

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY10 Budget Amount</u>	<u>FY11 Budget Amount</u>
JR28 Contract Long Distance Service	\$730,110	\$726,023
Subtotal Expense and Equipment	\$730,110	\$726,023
Direct Personnel	\$119,070	\$94,228
Total Direct Allocation	\$849,181	\$820,251
Indirect Costs Allocated	\$24,881	\$22,988
Total Allocated Costs	\$874,062	\$843,239
Retained Earnings Reduction	\$0	\$0
RATF Transfer	\$0	\$0
Total Collectable Costs	\$874,062	\$843,239
<u>\$843,239</u>	<u>=</u>	<u>\$0.0764</u>
11,036,040		

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Plexar Access**

Annual Estimated Utilization

Number of Lines:

249,072

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>		<u>FY10 Budget Amount</u>	<u>FY11 Budget Amount</u>
JR06	Plexar Lines - AT&T	\$2,119,176	\$2,042,118
JR07	Plexar VFG Trunks - AT&T	\$558,075	\$569,731
JR08	Plex Fed End User 9ZR - AT&T	\$1,378,849	\$1,252,651
JR09	Plex Fed End Eucl Credit - AT&T	-\$1,260,181	-\$1,124,173
JR10	Plexar Miscellaneous - AT&T	\$183,648	\$279,670
Subtotal Expense and Equipment		\$2,979,567	\$3,019,998
Direct Personnel		\$150,444	\$145,685
Total Direct Allocation		\$3,130,012	\$3,165,683
Indirect Costs Allocated		\$91,709	\$88,720
Total Allocated Costs		\$3,221,720	\$3,254,403
Retained Earnings Reduction		-\$109,060	\$0
RATF Transfer		\$0	\$0
Total Collectable Costs		\$3,112,660	\$3,254,403
		<u>\$3,254,403</u>	<u>\$13.07</u>
		<u>249,072</u>	
Additional Plexar Charges:*			
<u>FEDERAL UNIVERSAL FUND*</u>			\$0.09
<u>MISSOURI UNIVERSAL FUND*</u>			<u>\$0.04</u>
TOTAL			\$13.20

Plexar Pricing Policy:

- Lines added after the beginning of the fiscal year will be at cost if cost is greater than CAP until the next annual CAP is developed. New Plexar lines which cost more than CAP will be evaluated by the Rate Committee and may never be in the CAP rate.
- Customers pay all install charges.
- Rates are based on a 2-year agreement, customers pay all penalties related to early disconnects.

*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Data Circuits**

Annual Estimated Utilization

Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	FY10 Budget Amount	FY11 Budget Amount
JR24 Metropolitan Area Network Services	\$578,149	\$641,657
JR27 Satellite Services	\$106,402	\$269,478
JR30 Frame Relay & Tariff Circuits	\$2,252,812	\$2,306,353
JR33 Service Center Transport Cost	\$0	\$0
JR35 Network Transport Circuits	\$846,390	\$802,925
JR37 ISDN-PRI	\$644,564	\$704,062
JR39 Voice Grade Circuits	\$80,331	\$71,344
JR46 MPLS	\$2,888,554	\$3,344,838
Subtotal Expense and Equipment:	\$7,397,201	\$8,140,656
Direct Personnel	\$208,743	\$174,139
Total Direct Allocation	\$7,605,944	\$8,314,795
Indirect Costs Allocated	\$222,853	\$233,028
Total Allocated Costs	\$7,828,797	\$8,547,823
Retained Earnings Reduction	-117000	\$0
Total Collectable Costs	\$7,711,797	\$8,547,823
<u>\$8,547,823</u>	x 100% =	105.00%
<u>\$8,140,656</u>		

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Voice Mail Charge**

Annual Estimated Utilization

Number of mailboxes:

231,024

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	FY10 Budget Amount	FY11 Budget Amount
JR12 Voice Mail Circuits	\$158,746	\$225,399
JT40 Voice Mail Maintenance	\$104,737	\$50,000
JT41 Voice Mail New Equipment	\$360,000	\$0
JR50 Subscription Voice Mail	\$0	\$0
Subtotal Expense and Equipment	\$623,482	\$275,399
Direct Personnel	\$184,542	\$174,611
Total Direct Allocation	\$808,024	\$450,010
Indirect Costs Allocated	\$98,363	\$12,612
Total Allocated Costs	\$906,387	\$462,622
RATF Transfer	\$0	\$0
Total Collectable Costs	\$906,387	\$462,622
<u>\$462,622</u>	=	\$2.00
231,024		

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Pass-Through Telephone Service**

Annual Estimated Utilization
Actual Costs

Estimated Cost:
Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY10 Budget Amount</u>	<u>FY11 Budget Amount</u>
JR13 Centrex Pass-Through - Embarq	\$503,854	\$488,861
JR14 Toll-Free Service Pass Through	\$65,706	\$73,533
JR16 Plexar Pass Through - AT&T	\$196,818	\$265,570
JR17 Business Line Service	\$1,694,297	\$1,592,207
JR18 Toll Usage on Business & Plexar Invoices	\$29,888	\$64,813
JR19 Directory Assistance	\$18,671	\$16,172
JR29 Calling Card Usage	\$26,433	\$26,145
JR31 Dial-Up Internet Access Service	\$265,630	\$264,505
JR38 Tolls on Centrex Invoices	\$6,313	\$2,083
JR40 Other Centrex Pass-Through	\$4,086	\$0
JR47 International Usage	\$90,597	\$80,946
JR48 Wireless Accessories	\$0	\$0
JR49 Adobe Connect	\$0	\$0
JR51 Conference Call Services	\$0	\$0
Subtotal Expense and Equipment	\$2,902,292	\$2,874,833
Direct Personnel	\$85,774	\$119,827
Total Direct Allocation	\$2,988,066	\$2,994,660
Indirect Costs Allocated	\$87,550	\$83,927
Total Allocated Costs	\$3,075,616	\$3,078,588
Retained Earnings Reduction	-\$86,200	-\$88,762
Total Collectable Costs	\$2,989,416	\$2,989,826
<u>\$2,989,826</u>	=	104%
<u>\$2,874,833</u>		

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Toll-Free**

Annual Estimated Utilization

Number of minutes:

46,588,507

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY10 Budget Amount</u>	<u>FY11 Budget Amount</u>
JR21 Toll-Free Termination Charges - AT&T	\$58,948	\$58,920
JR45 Toll Free Usage	\$2,791,582	\$2,935,229
Subtotal Expense and Equipment	\$2,850,530	\$2,994,149
Direct Personnel	\$81,961	\$80,251
Total Direct Allocation	\$2,932,490	\$3,074,400
Indirect Costs Allocated	\$85,922	\$86,162
Total Allocated Costs	\$3,018,412	\$3,160,563
RATF Transfer	\$0	\$0
Total Collectable Costs	\$3,018,412	\$3,160,563
<u>\$3,160,563</u>	<u>=</u>	<u>\$0.0678</u>
46,588,507		

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Internet Service**

Annual Estimated Utilization

Number of accounts:
52,248

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY10 Budget Amount</u>	<u>FY11 Budget Amount</u>
JI06 Hardware, Software, Maintenance	\$220,591	\$142,787
JI07 Fiber and Backhaul Charges	\$52,600	\$68,100
JI11 Digital T1 (PRI) Data Circuits	\$19,515	\$12,000
JI14 MoreNet Affiliate Fee	\$32,988	\$22,500
JI15 MoreNet Primary Connection	\$134,563	\$152,563
JI16 MoreNet Secondary Connection	\$47,600	\$36,800
JI21 MoreNet Consulting	\$5,000	\$5,000
JI27 MoreNet Internet Connection Fee	\$6,875	\$0
JI28 Kinetic	<u>\$0</u>	<u>\$6,875</u>
 Total Direct Expenses	 \$519,732	 \$446,625
 Direct Personnel	 \$209,743	 \$156,383
Total Indirect Expenses	\$21,374	\$16,900
Total Allocated Costs	\$750,849	\$619,908
RATF Transfer	\$0	\$0
Retained Earnings Reduction	-\$107,541	\$0
Total Collectable Costs	\$643,308	\$619,908
 <u>\$619,908</u>	 =	 \$11.86
 <u>52248</u>		

see distribution of costs, pages 27 & 28

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Network & Security Connection**

Annual Estimated Utilization

Number of accounts:

64,237

Estimated Cost:

Direct Allocation - Expense and Equipment

Description	FY10 Budget Amount	FY11 Budget Amount
J901 Hardware and Software Maintenance	\$151,961	\$118,073
J904 Software Maintenance	\$14,480	\$45,333
J906 Hardware Purchase	\$279,556	\$163,250
J910 Consulting Service	\$10,000	\$10,000
J911 Wiring and General Services	\$25,000	\$25,000
Consulting Service	\$0	-\$30,000
Subtotal Expense and Equipment:	\$480,997	\$331,656
Direct Personnel	\$243,806	\$266,907
Total Direct Allocation	\$724,803	\$598,563
Indirect Costs Allocated	\$21,237	\$16,775
Total Allocated Costs	\$746,040	\$615,338
Retained Earnings Reduction	-\$321,575	-\$165,400
Total Collectable Costs	\$424,465	\$449,938

*See Rate Schedule
page 29*

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Wireless Service**

Annual Estimated Utilization

Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	FY10 Budget Amount	FY11 Budget Amount
JR41 Wireless Services	\$3,872,097	\$3,895,580
Subtotal Expense and Equipment:	\$3,872,097	\$3,895,580
Direct Personnel	\$134,936	\$88,617
Total Direct Allocation	\$4,007,033	\$3,984,197
Indirect Costs Allocated	\$117,406	\$111,660
Total Allocated Costs	\$4,124,439	\$4,095,857
Retained Earnings Reduction	-\$175,000.00	(\$102,895)
Total Collectable Costs	\$3,949,439	\$3,992,962

$$\frac{\$3,992,962}{\$3,895,580} \times 100\% = 102.50\%$$

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011**
Internet Fees (Annual)

Agency	Users	Annual Amount
Senate	230	\$2,728
House	436	\$5,171
Legislative Research	35	\$415
State Courts Administrator	5,150	\$61,079
Public Defenders	630	\$7,472
Governor's Office	70	\$830
Lt. Governor's Office	10	\$119
Secretary of State	252	\$2,989
State Auditor's Office	145	\$1,720
State Treasurer's Office	47	\$557
Attorney General's Office	412	\$4,886
OA-Commissioner's Office	24	\$285
OA-Accounting	50	\$593
OA-Budget & Planning	30	\$356
OA-Information Technology Services	204	\$2,419
OA-Facilities Management / D&C	282	\$3,345
OA-Personnel	80	\$949
OA-Purchasing & Materials Management	56	\$664
OA-General Services	87	\$1,032
OA-Children's Trust Fund	4	\$47
OA-Administrative Hearing Commission	12	\$142
OA-Excellence in Missouri Foundation	0	\$0
OA-Office of Child Advocate	4	\$47
Dept of Agriculture	299	\$3,546
Dept of Insurance	216	\$2,562
Insurance - Credit Union	16	\$190
Insurance - Finance	107	\$1,269
Insurance - Professional Registration	229	\$2,716
Dept of Conservation	1,652	\$19,593
Dept of Economic Development	863	\$10,235
DED - Public Service Commission	191	\$2,265
Elementary & Secondary Education	896	\$10,627
DESE - Vocational Rehabilitation	331	\$3,926

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011
Internet Fees, cont'd (Annual)**

<u>Agency</u>	<u>Users</u>	<u>Annual Amount</u>
Commission for the Deaf	7	\$83
Coordinating Board for Higher Education	118	\$1,399
Dept of Health and Senior Services	2,150	\$25,499
Dept of Transportation	5,075	\$60,190
Labor & Industrial Relations	954	\$11,314
Dept of Mental Health	6,564	\$77,849
Dept of Natural Resources	1,550	\$18,383
DPS - Director's Office	61	\$723
DPS - SEMA	96	\$1,139
DPS - Capitol Police	28	\$332
DPS - Liquor Control	67	\$795
DPS - Fire Safety	34	\$403
DPS - Missouri Veteran's Commission	381	\$4,519
DPS - Missouri State Water Patrol	52	\$617
DPS - Adjutant General (MONG)	431	\$5,112
Missouri State Highway Patrol	2,258	\$26,780
Gaming Commission	115	\$1,364
Dept of Revenue-ITSD	1,763	\$20,909
State Tax Commission	52	\$617
Lottery Commission	164	\$1,945
Dept of Social Services	9,310	\$110,417
Dept of Corrections	7,800	\$92,508
Missouri Consolidated Health Care	80	\$949
MOSERS	66	\$783
Ethics Commission	22	\$261

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2011**

Network and Security Connection Fees (Annual)

<u>Agency</u>	<u>Users</u>	<u>Annual Amount</u>
SENATE	230	\$670
HOUSE OF REPS	436	\$1,296
LEGISLATIVE RESEARCH	35	\$101
STATE COURTS ADMIN	3290	\$10,185
PUBLIC DEFENDER COMM	571	\$1,692
GOVERNOR	32	\$92
LIEUTENANT GOVERNOR	6	\$17
SECRETARY OF STATE	256	\$1,573
AUDITOR	116	\$370
TREASURER	49	\$150
ATTNY GENERAL	391	\$1,131
OA	836	\$24,856
AGRICULTURE-ITSD	363	\$1,092
INSURANCE-ITSD	532	\$1,760
CONSERVATION	1689	\$5,063
ECONOMIC DEVELOPMENT-ITSD	994	\$3,806
PUBLIC SERVICE COMMISSION		\$35
ELEMENTARY & SECONDARY ED	1613	\$5,213
HIGHER EDUCATION - ITSD	73	\$237
HEALTH AND SENIOR SERVICES-ITSD	1741	\$15,091
HIGHWAYS & TRANSPORTATION	7092	\$22,361
LABOR & INDUSTRIAL RELATIONS-ITSD	887	\$10,009
MENTAL HEALTH-ITSD	8595	\$30,933
NATURAL RESOURCES-ITSD	1608	\$7,798
PUBLIC SAFETY-ITSD	57	\$605
HIGHWAY PATROL	2399	\$36,603
REVENUE-ITSD	1410	\$57,980
SOCIAL SERVICES-ITSD	7733	\$175,894
CORRECTIONS-ITSD	11035	\$33,271

STATE OF MISSOURI COMMUNICATIONS
COST ALLOCATION PLAN
Fiscal Year 2011
RATE CALCULATION SUMMARY

	CENTREX ACCESS	Dedicated LONG DISTANCE	Switched LONG DISTANCE	PLEXAR ACCESS	DATA CIRCUITS	VM ADMIN. CHARGE**	PASS THRU	TOLL FREE	INTERNET SERVICE	NETWORK & SECURITY CONNECTION	WIRELESS SERVICE	TOTAL
DIRECT ALLOCATION												
PERSONNEL SERVICE	\$117,229	\$69,441	\$94,228	\$145,685	\$174,139	\$174,611	\$119,827	\$80,251	\$156,383	\$266,907	\$88,617	\$1,487,319
EXPENSE and EQUIPMENT	\$3,684,641	\$1,806,119	\$726,023	\$3,019,998	\$8,140,656	\$275,399	\$2,874,833	\$2,994,149	\$446,625	\$331,656	\$3,895,580	\$28,195,679
SUBTOTAL	\$3,801,870	\$1,875,560	\$820,251	\$3,165,683	\$8,314,795	\$450,010	\$2,994,660	\$3,074,400	\$603,008	\$598,563	\$3,984,197	\$29,682,998
INDIRECT ALLOCATION												
PERSONNEL SERVICE	\$78,960	\$38,953	\$17,036	\$65,747	\$172,687	\$9,346	\$62,195	\$63,851	\$12,524	\$12,431	\$82,746	\$616,476
EXPENSE and EQUIPMENT	\$27,590	\$13,611	\$5,953	\$22,973	\$60,341	\$3,266	\$21,732	\$22,311	\$4,376	\$4,344	\$28,913	\$215,410
SUBTOTAL	\$106,550	\$52,564	\$22,988	\$88,720	\$233,028	\$12,612	\$83,927	\$86,162	\$16,900	\$16,775	\$111,660	\$831,886
TOTAL ALLOCATED COSTS	\$3,908,420	\$1,928,124	\$843,239	\$3,254,403	\$8,547,823	\$462,622	\$3,078,588	\$3,160,563	\$619,908	\$615,338	\$4,095,857	\$30,514,883
RETAINED EARNINGS REDUCTION RATF TRANSFER												
COLLECTABLE COSTS	\$3,908,420	\$1,928,124	\$843,239	\$3,254,403	\$8,547,823	\$462,622	\$2,989,826	\$3,160,563	\$619,908	\$449,938	\$3,992,962	\$30,157,827
UTILIZATION	226,464 LINES	31,638,848 MIN	11,036,040 MIN	249,072 LINES	\$8,140,656 COST	231,024 LINES	\$2,874,833 COST	46,588,507 MIN	52248 ACCOUNTS	SEE RATE TABLE	\$3,895,580 COST	
RATE	\$17.26 (see note +)	\$0.0609	\$0.0764	\$13.07	105.00%	\$2.00	104.00%	\$0.0678	\$11.86 (see note ++)	(Page 29)	102.50%	
FED UNIVERSAL FUND*	\$0.50			\$0.09								
MO UNIVERSAL FUND*	\$0.04			\$0.04								
TOTAL	\$17.80			\$13.20								

30

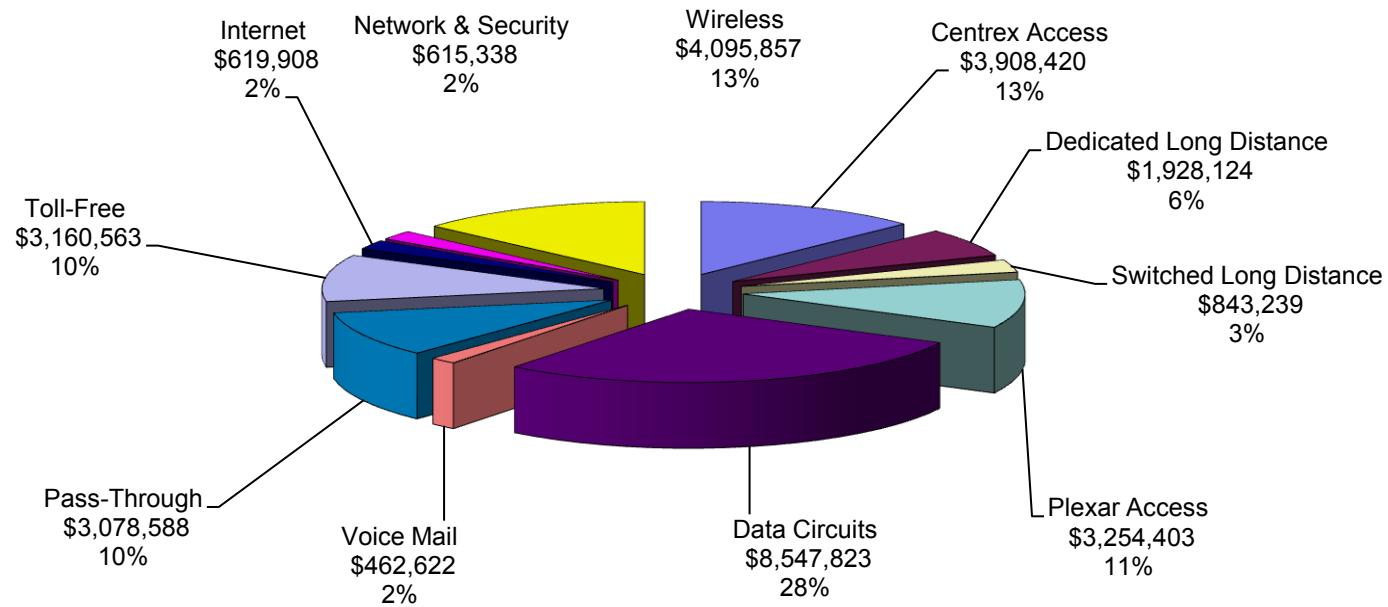
*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**This rate is for existing mailboxes only. After conversion to the new voice mail system, rates will need to be re-evaluated.

+ This rate may vary according to installed base.

++ This rate depends on MOREnet's final rates and could change.

Total Allocated Cost by Rate Category



**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
Fiscal Year 2011
RATE SUMMARY**

CAP Rates

Centrex Access	\$17.26 per line + FCC costs
Dedicated Long Distance	\$0.0609 per minute
Switched Long Distance	\$0.0764 per minute
Plexar Access	\$13.07 per line + FCC costs
Data Circuits	105.00% of actual cost
Voice Mail (standard mailbox)	\$2.00 per mailbox
Pass-Through Telephone Service	104% of actual cost
Toll-Free	\$0.0678 per minute
Internet	\$11.86 per account
Network & Security	see rate schedule
Wireless	102.5% of actual cost

Directory Assistance

Intrastate	\$1.99 per call
Interstate	\$1.99 per call
Toll	Actual Cost

Conference Calls

Progressive	\$10.00 per hour
Meet-Me	\$5.00 per hour

NOTE: Charges may apply if a scheduled conference is canceled without adequate advance notice.

Contract Services

Calling Card Cost (per minute)	\$0.07 day/evening/night/weekend
ISDN Calls	\$0.13 day/evening/night/weekend